

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

AMERICAN INTERNATIONAL GROUP, INC., <i>et al.</i> ,	)	
	)	
	)	
Plaintiffs,	)	No. 07 CV 2898
vs.	)	
	)	District Judge Robert W. Gettleman
ACE INA HOLDINGS, INC., <i>et al.</i> ,	)	
	)	Magistrate Judge Sidney I. Schenkier
Defendants.	)	
	)	
SAFECO INSURANCE COMPANY OF AMERICA, <i>et al.</i> , individually and on behalf of a class consisting of members of the National Workers Compensation Reinsurance Pool,	)	
	)	
	)	No. 09 CV 2026
	)	
Plaintiffs,	)	District Judge Robert W. Gettleman
vs.	)	Magistrate Judge Sidney I. Schenkier
	)	
AMERICAN INTERNATIONAL GROUP, INC., <i>et al.</i> ,	)	
	)	
	)	
Defendants.	)	
	)	

**SETTLEMENT CLASS PLAINTIFFS' SECOND STATUS REPORT**

Settlement Class Plaintiffs, by their undersigned counsel, submit this Second Status Report to advise the Court about recent developments relating to this case. The first such Status Report ("First Report") was filed on August 22, 2011. (R. 441.)

**A. The Websites**

As noted in the First Report, Liberty, rather than Safeco and Ohio Casualty, went "live" on August 18, 2011 with a Liberty website: [www.aig-objectoptout.com](http://www.aig-objectoptout.com). The Settlement Class Plaintiffs believe that there are many misleading statements on Liberty's website. Just one example is that "the Court ... approved full scale sampling of AIG's files to

determine the scope of AIG's actual underreporting" which "has revealed deficiencies of the Examiner's conclusions by finding that ... AIG underreported more than \$6 billion in workers compensation premiums." In this way, Liberty is informing the class members that the Court has approved a sampling methodology which has resulted in a "finding" of \$6 billion of underreporting, as though the Court has both approved the sampling methodology, and that a "finding" of fact has been made regarding AIG's underreporting.

The Court's July 26, 2011 Memorandum Opinion and Order stated the following about sampling: "The court also notes that the Objectors' proposed alternative methodology (sampling) is **not**, contrary to their assertions, 'the court-approved methodology.'" (R. 426 at 10, n.14) (emphasis added). It is difficult to understand how Liberty can persist in calling the sampling process "court approved" when this Court has stated that it was not "court approved". Liberty's statement appears to be a conscious effort to mislead the class members.

For this and other reasons, on August 31, 2011, the Settlement Class Plaintiffs went "live" with their own website, [www.fair-aigworkcompsettlement.com](http://www.fair-aigworkcompsettlement.com), to correct the most material of Liberty's misleading statements on the Liberty website. The Class Administrator's website, [www.WCPoolSettlement.com](http://www.WCPoolSettlement.com), provides links both to Liberty's website, and the Settlement Class Plaintiffs' response.

#### **B. The Toll Free Number**

The Settlement Class Plaintiffs also wish to apprise the Court of a mistake made by the Class Administrator in the August 19, 2011 mailings to all class members. Those mailings included the following Court-approved documents: (a) the "long form" of the Notice of Proposed Class Action Settlement, Settlement Hearing and Right to Appear (the "Notice"), which included information about the case and the settlement, and provided

contact information for counsel representing the Settlement Class Plaintiffs, AIG, and Safeco and Ohio Casualty (but not Liberty), as well as contact information for the Class Administrator, including an email address and toll free phone number; (b) the two-page Summary Plan of Allocation, and (c) the one-page Individual Company Supplement to the Notice (the "Supplement"), which provided additional information about the Plan of Allocation, an approximate amount that the recipient would receive if the Settlement is approved by the Court, and on the bottom of the page, the Class Administrator's toll free number. On August 26, 2011, the Class Administrator discovered that the toll free number on the Supplement is erroneous, though the toll free number stated in the Notice is accurate.

Attached hereto as Exhibit A is the exemplar of the Supplement that was mailed to class members on August 19, 2011 with the incorrect toll free number. After becoming aware of the error, on August 26, 2011, the Class Administrator mailed to each class member a letter (exemplar attached hereto as Exhibit B) correcting the mistake in the toll free number. The Class Administrator has made this correction at its expense, and the settlement fund will not be charged for the time and expense incurred in making this correction.

Dated: September 1, 2011

Respectfully submitted,

ACE INA HOLDINGS, INC., AUTO-OWNERS  
INSURANCE CO., COMPANION PROPERTY &  
CASUALTY INS. CO., FIRSTCOMP INSURANCE  
CO., THE HARTFORD FINANCIAL SERVICES  
GROUP, INC., TECHNOLOGY INSURANCE CO.,  
and THE TRAVELERS INDEMNITY COMPANY

By /s/ Frederic R. Klein  
One of Their Attorneys

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William C. Meyers  
Kerry D. Nelson  
Nury R. Agudo  
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Chicago, Illinois 60603  
(312) 201-4000

# **Exhibit A**

**Safeco v. AIG Settlement Administrator**  
P.O. Box 6177  
Novato, CA 94948-6177

**ASA**

«|||□□□□□□» Control #: ASA-«ClaimID» «MailRec»  
«First1» «Last1»  
«CO»  
«Addr1» «Addr2»  
«City», «ST» «Zip» «Country»

**Individual Company Supplement to the Notice of Proposed Class Action Settlement, Settlement Hearing, and Right to Appear**

**No. 09 CV 2026 (N.D. Ill.)**

The \$450 million cash component of the Settlement has been allocated to each member of the Settlement Class, as defined in the enclosed Notice, utilizing the allocation methodology described in the “Summary of Plan of Allocation,” attached to the enclosed Notice as Appendix B (the “Allocation Methodology”). *If the Settlement is approved, your company will receive \$«Share», less a pro-rata share of deductions, if any, the Court may award for attorneys’ fees and costs, incentive payments, and administrative expenses, in amounts to be determined.*

As explained in the Summary of Plan of Allocation, the allocated shares of the cash component of the Settlement were determined using calculations performed by (a) consulting actuaries hired by the Examiner-in-Charge (“EIC”) of the AIG Multi-State Examination, and (b) the NCCI, as the administrator of the NWCRP and the NMWCARP. If you would like to review any further details of the calculation of your share in the Plan of Allocation, please contact Settlement Class Counsel, whose contact information is in the Notice.

**Note:** Certain Settlement Class Members are not receiving any part of the cash component of the Settlement, and no charge will be assessed for the “*pro-rata* share of deductions” noted above. If your company’s allocation of the cash component of the Settlement is zero, that result may be attributed to one or more of the following reasons, among others:

- If your company became insolvent by September 30, 2010 and your company’s NWCRP or NMWCARP obligations have been reallocated to the other Participating Companies, any recovery based upon your company’s NWCRP or NMWCARP participation has been allocated to the Class Members that assumed your company’s obligations.
- If your company only wrote voluntary market workers compensation business either before 1985 or after 1996, your company only participated in the NWCRP or NMWCARP reinsurance mechanisms for residual market policy years that generally did not incur significant underwriting losses on a cash flow basis. As a result, the Allocation Methodology reflects the EIC’s view that the Participating Companies reinsuring only these years generally did not suffer any material damages. Accordingly, under these circumstances, your company is allocated no share of the cash component of the Settlement.
- Further, if your company primarily wrote voluntary market business during the period 1985 to 1996 in certain states where the residual market policy years reinsured through the NWCRP and NMWCARP mechanisms did not incur significant underwriting losses on a cash flow basis, the Allocation Methodology indicates your company did not suffer any material damages attributable to AIG’s alleged underreporting. (The Allocation Methodology aggregates the impact of all residual market policy years in which your company participated.) Accordingly, under these circumstances, your company is allocated no share of the cash component of the Settlement.

For affiliated companies that have designated themselves as part of a group for purposes of participation in the NWCRP and/or the NMWCARP, the amount stated above is presented as a cumulative total for the designated group of affiliated companies, whether the companies participate in the NWCRP, the NMWCARP, or both.

# **Exhibit B**

ASA

«|||□□□□□□» Control #: ASA-«ClaimID» «MailRec»  
«First1» «Last1»  
«CO»  
«Addr1» «Addr2»  
«City», «ST» «Zip» «Country»

Dear Class Member,

This letter is to correct the toll-free phone number printed on the bottom of the **Individual Company Supplement to the Notice of Proposed Class Action Settlement, Settlement Hearing, and Right to Appear** that was mailed to you on August 19, 2011.

The correct toll-free number to reach the Settlement Administrator is 1-800-716-1520, as printed in the Notice and the Published Notice.

If you have any questions, please contact the Settlement Administrator at this phone number, or the email address noted below.

We apologize for any confusion this may have caused.

Sincerely,  
Safeco v. AIG Settlement Administrator  
1-800-716-1520  
Info@WCPoolSettlement.com  
www.WCPoolSettlement.com



**CERTIFICATE OF SERVICE**

The undersigned, an attorney, certifies that on September 1, 2011, he caused a true and correct copy of **Settlement Class Plaintiffs' Second Status Report** to be served upon the parties of record via the Court's ECF/electronic mailing system.

/s/ Frederic R. Klein